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June 11, 1996

FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON, D.C. 20541

Mr. William F. Caton  
Acting Secretary  
Federal Communications Commission  
Washington, D.C. 20554

Re: Ex Parte Communication in CC Docket No. 96-61  
(Rate Integration Issues)

Dear Mr. Caton:

On June 10, 1996, Sprint Communications Company, L.P. provided the attached material to Sherille Ismail, Esq. of the Commission's Common Carrier Bureau. This material details the proceedings led by the Office of the Governor of Guam on implementation of rate integration for Guam and possibly other western Pacific points.

Please call me at 202) 828-7402 should you have any questions.

Very truly yours,

Kent Y. Nakamura  
Its Attorney

cc: Sherille Ismail, Esq.

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ISSUE NO. 1

RATE INTEGRATION WORKING GROUP

May 21, 1996

TITLE:

Mileage Bands

ISSUANCE STATEMENT:

How will rate integration affect the existing mileage bands and the applicable rates? Will rate integration require the incorporation of Guam and the CNMI into the existing mileage bands or merely the addition of new mileage bands? If new mileage bands may be added, what will the applicable rates be? Must the rate increase be proportionate to the increase in distance? How will postalized (or flat) rates be affected by rate integration?

ORIGINATOR'S IDENTITY:

John M. Borlas, IT&E Overseas, Inc.

PROPOSED RESOLUTION OR ACTION SOUGHT:

For Discussion

*ESTABLISH MTS TAXI GUAM/CNMI WITH ADDITIONAL  
MILEAGE BANDS*

**ISSUE NO. 2**

**RATE INTEGRATION WORKING GROUP**

May 21, 1996

**TITLE:**

COMSAT Designation

**ISSUANCE STATEMENT:**

The Governor of Guam has proposed that Comsat be designated as an eligible telecommunications carrier, which will be required to offer services at affordable rates. Should implementation of rate integration be made contingent on the FCC's acceptance and implementation of such a proposal? Given the Governor's recognition of the high cost of satellite service to the Western Pacific region, if the FCC does not accept the Governor's proposal, how will integrated rates be subsidized?

**ORIGINATOR'S IDENTITY:**

John M. Borlas, IT&E Overseas, Inc.

**PROPOSED RESOLUTION OR ACTION SOUGHT:**

For Discussion

## Rate Integration

### A.

1. **Title:** Geographic Scope of Rate Integration
2. **Issue Statement:** What is the proper geographic scope of rate integration with respect to the Western Pacific? Should Guam, the Northern Marianas, and possibly Palau be treated identically for purposes of rate integration i.e. in other words, should a call from any of these places to the U.S. west coast, for e.g., cost the same? If not, what distinctions should exist for pricing purposes between these two (three with Palau) points?  
*AMERICAN Sprint NO*
3. **Originator's Identity:** Sprint
4. **Proposed Resolution or Action Sought:** A yes or no answer on whether all two or three points should be treated identically for pricing purposes for calls going between any one of the points and the rest of the U.S

*GUAM AND CNMI should be treated same on calls  
to the US*

## Rate Integration

### B.

1. **Title:** What does the Guam group define as Rate Integration?

2. **Issue Statement:** What does Rate Integration mean insofar as the Guam group is concerned? The commenters in the FCC proceeding are badly split on what rate integration means. Some commenters such as Sprint & AT&T have asked the commission to forbear from enforcing this particular provision, essentially rendering the law nugatory. Others insist that the new law means that every service offered on the U.S. mainland must be offered in Guam or the Northern Marianas at exactly the same price that it is offered in Wisconsin or New York or California. Until the group can define what it thinks rate integration is, and can come up with a working definition that is politically and economically realistic, it will be hard to make progress.

Keep in mind that an absolutist position on this matter in front of the FCC is unlikely to be accepted: if, hypothetically speaking, the Southern New England Telephone Company or the Cincinnati Bell Telephone Company offered new long distance customers within their local exchange territory interstate long distance calling for 5 cents a minute as a temporary promotional rate, it would be unrealistic and a waste of effort to believe that the FCC is going to force SNET or CBTC to open up an office in Guam or the Northern Marianas in order to comply with the new law.

3. **Originator's Identity:** Sprint

4. **Proposed Resolution or Action Sought:** An agreement on what Rate Integration is and is not.

## Rate Integration

### C.

1. **Title:** If a particular service or group of services is determined to be subject to requirements of Rate Integration, to what extent may costs of service (e.g. distance; type of facilities) be considered in setting rates to and from the new points to be integrated?

2. **Issue Statement:** Assuming that the Guam group can arrive at a workable definition of Rate Integration, there are a number of subsidiary issues that will be important. Perhaps the most important is the question of the extent to which cost of service may be taken into account in arriving at integrated rates. There is general agreement, for example, that for service provided by submarine cable, more distance means more cost. Does this mean that in a rate integrated environment it is permissible to charge more for calls from California to Guam than from California to Hawaii? Or must the calls to Guam from California be priced the same as the charge for a call to Hawaii from Guam notwithstanding the greater costs?

3. **Originator's Identity:** Sprint

4. **Proposed Resolution or Action Sought:** A statement of ratemaking principles that the Guam group would like carriers to use in determining how costs of providing service to points to be rate integrated should be distributed among existing and future ratepayers.

## Rate Integration

### D.

1. **Title:** Whether and How Rate Integration and Competition Can Coexist?

2. **Issue Statement:** Averaging and Competition do not mix well. Rate integration is a form of averaging, and averaging is only easy in a monopoly environment. Assume that a new long distance company decides that it will distinguish itself from its competitors by offering the lowest rates possible in the marketplace. Assume further that it decides to accomplish this goal by serving only routes on which it can comfortably undercut any other carrier by a substantial amount and that customers are, because of the low, low prices, willing to put up with the inconvenience of dialing extra numbers in order to get the low price.

Sprint or other carriers could match the new entrant's price if they could deaverage their rates to do so. Would such a competitive response be permitted under the Guam group's thinking? Or would this be viewed as impermissible because the competitive response would be limited in a particular geographic area? It is worth remembering that there may come a time when an IXC may want to roll out a promotion in Guam but not in the Northern Marianas or Hawaii or anywhere else, so the group should be careful about what position it takes lest they end up shooting themselves in the foot:

a restrictive definition of what is and is not permitted under rate integration may come back to haunt you.

3. **Originator's Identity:** Sprint

4. **Proposed Resolution or Action Sought:** A statement of principles reconciling the needs of competitor to compete with the principles of rate integration. Keep in mind that as the RBOCs enter the IX market, competition is likely to intensify rather than diminish, making it more, rather than less, difficult to maintain economically and commercially unreasonable rate averaging schemes.

**ISSUE NO. 7**

**TO: JULIE SMITH, RECORDING SECRETARY**

**FROM: TERRENCE M. BROOKS  
GUAM PUBLIC UTILITY COMMISSION**

**SUBJECT: ISSUE INTRODUCTION - RATE INTEGRATION WORKING GROUP**

**ISSUE: SUBSCRIBER LINE CHARGE**

How and when will the subscriber line charge (SLC) be implemented?

Will the subscriber line charge apply across the board to all local service providers, for instance, resellers of GTA lines and services?

**ACTION SOUGHT:**

The PUC realizes that the SLC is likely to be imposed on local telephone customers, especially if Guam is going to benefit from the Universal Service Fund. If the SLC is going to be imposed, the PUC would like to see it implemented gradually over a period of two to three years to avoid rate shock.

**RATE INTEGRATION WORKING GROUP**  
**May 21, 1996**

**ISSUE NO. 8**

**TITLE**

**ISSUE STATEMENT**

The issue of rate integration for Guam is larger than Guam itself. It includes traffic not only from Guam to the United States over such carriers as MCI, IT&E, and PCI, but it also includes traffic from all interexchange carriers in the United States to Guam. That is, regardless of which long distance carrier a customer in the United States selects, there is the expectation that that carrier will bring traffic to any point in the world, including Guam. So from a broad perspective, regardless of whether the carrier is the largest, such as AT&T, or the smallest, such as any small reseller, rate integration has very broad impacts to all customers and to all carriers. This should be kept in mind as you seek for solutions to the issue. That is, the solution must consider both sides of the Pacific.

**ORIGINATOR'S IDENTITY**

Vicente M. Camacho, Guam Telephone Authority

**PROPOSED RESOLUTION OR ACTION SOUGHT**

Cost Proxy Model Approach - It may be possible to establish a rate integration structure whereby carriers are reimbursed some fixed amount per minute based on a cost benchmark standard. That is, if hypothetically the cost of a call, on average, from Guam to the United States and the United States to Guam was \$.30 and the selected rate integrated price was \$.20, then, any carrier providing service between Guam and the U.S. would be entitled to collect \$.10 from a pool for each minute of traffic provided. Carriers would be free to price below the integrated rate of \$.20 or above the integrated rate of \$.20 and still be entitled to collect only the \$.10. Thus, interexchange carriers with more efficient cost structures could hypothetically charge \$.15 per minute, collect the \$.10 for a total revenue stream of \$.25, which indeed may equal their costs. Again, the cost benchmark model would set a cost to provide long distance service based on some agreed-upon model of switching and transport costs on average between Guam and the United States.

Open for further discussion.

**RATE INTEGRATION WORKING GROUP**  
**May 21, 1996**

**ISSUE NO. 9**

**TITLE**

**COMPETITION ON GUAM**

**ISSUE STATEMENT**

Attempting to resolve the question, "How do you ensure robust competition for long distance service on Guam in a rate integrated environment?" That is, if there is truth to the presumption that the cost of a call from Guam to the U.S. or the U.S. to Guam will cost more than the price of the call, how do you create a platform where carriers who only have a presence on Guam are able to compete against carriers who have a very broad presence in the world, and therefore would be minimally affected by a reduction in the prices for calls between the U.S. mainland and Guam. That is, if the price of the call is below its cost, then without external assistance the carriers who only serve Guam would find it most difficult to remain in business. And, if some form of assistance was provided to make up the difference between the price of a call and the cost of a call, should that assistance be extended to all carriers or just those carriers whose presence is unique to Guam.

**ORIGINATOR'S IDENTITY**

Vicente M. Camacho, Guam Telephone Authority

**PROPOSED RESOLUTION OR ACTION SOUGHT**

Subsidized COMSAT or other trans-Pacific means of transport - This is the idea that you have expressed in the comments to the FCC. While it would put COMSAT facility costs to interexchange carriers on a par with the domestic pricing schedule, it may not address all of the differences between a rate integrated schedule and the costs to provide service between Guam and the United States. For example, it would potentially solve the Guam to U.S. leg (assuming a landing on the west coast) but it would not address the remainder of the problem of transport and distribution throughout the U.S. market. Some separate consideration may be required there. Further, the subsidy on facilities may be difficult to administer in the event that others sought to enter the market for transport between Guam and the U.S. seeking the same basic treatment, i.e. payment for facilities so that prices to long distance carriers with the transport facilities could be subsidized.

Open for further discussion.

**RATE INTEGRATION WORKING GROUP**  
**May 21, 1996**

**ISSUE NO: 10**

**TITLE**

**ADMINISTRATION OF FUNDS**

**ISSUE STATEMENT**

Addressing the question of where support funds should be generated, how those funds should be administered, and how those funds should be distributed. AT&T, for example, has suggested that this be part of the universal service fund, but has not come forth with a process for collection of support money or for the distribution of support money.

**ORIGINATOR'S IDENTITY**

Vicente M. Camacho, Guam Telephone Authority

**PROPOSED RESOLUTION OR ACTION SOUGHT**

Establish rate integration following the Alaska Model - While we are not familiar enough with this situation to discuss this at length, we believe the way the ALASCOM situation was resolved was through payments from AT&T to ALASCOM that reflected the difference between ALASCOM's long distance costs based on separations and the revenue ALASCOM collected for long distance service based on rate integrated schedules. We believe that the ALASCOM situation had a lengthy transition period and did not necessarily result in healthy business relationships between AT&T and ALASCOM. However, if this concept were extended to Guam, then it would appear that AT&T would reimburse local carriers such as IT&E and PCI for the difference between their cost and the revenue collected under a rate integrated schedule while MCI and Sprint would be free and on their own to perform rate integration as best they could.

Open for further discussion.

**RATE INTEGRATION WORKING GROUP**  
**May 21, 1996**

**Issue NO. 11**

**TITLE**

**WHAT IS RATE INTEGRATION?**

**ISSUE STATEMENT**

The definition of rate integration itself. While this may have had strong meaning when AT&T held a virtual monopoly over the long distance market, the question we would pose is, "Does rate integration mean the adoption or extension of the AT&T long distance pricing structure or the prices of some other carriers, or a weighted average of those prices?" We believe that a definition of rate integration and which price structure would be helpful to the FCC.

**ORIGINATOR'S IDENTITY**

Vicente M. Camacho, Guam Telephone Authority

**PROPOSED RESOLUTION OR ACTION SOUGHT**

Universal Service Funding. A certain amount of dollars could be earmarked for Guam as part of the universal service pool, and those dollars then would be apportioned among all interexchange carriers based on the number of minutes transported to and from Guam. Obviously, if the current situation continues, AT&T would not be considered a long distance carrier originating or terminating traffic on Guam. IT&E would need to lease circuits from AT&T and build its own network in order to be considered such a carrier. However, it would appear that AT&T could be a carrier delivering traffic to Guam by presorting in the U.S. and then delivering traffic directly to the GTA switch in Agana.

Open for further discussion.

**RATE INTEGRATION WORKING GROUP**  
**May 21, 1996**

**ISSUE NO. 12**

**TITLE**

**HOW DO WE HANDLE THE LOCALIZED LONG DISTANCE PROVIDER?**

**ISSUE STATEMENT**

Dealing with the difficulties that may arise because of the pricing structures of the global carrier and the flexibility that they have to price at very low levels compared to the flexibility and opportunities that may be available to Guam-based carriers such as IT&E. In particular, it is pointed out that if, under the Legislation, Sprint was required to extend its 5-cent-per-minute postalized price to calls between the U.S. and Guam, how would IT&E respond to that market tactic? While we believe that this a very important question, we are not certain that it belongs in the context of rate integration. It would seem that this is a competitive issue and one that might better be addressed within the context of FCC proceedings focusing on implementation of the Legislation.

**ORIGINATOR'S IDENTITY**

Vicente M. Camacho, Guam Telephone Authority

**PROPOSED RESOLUTION OR ACTION SOUGHT**

Open for discussion.

**RATE INTEGRATION WORKING GROUP**  
**May 21, 1996**

**Issue NO. 13**

**TITLE**

**SUBSIDIZATION FOR PROVIDERS**

**ISSUE STATEMENT**

There is the question of how to ensure that long distance service is provided to and from Guam. If hypothetically, the price of service from Guam to the United States is below its cost, mechanisms need to be in place to ensure that carriers are made whole for these losses in order to ensure that they do not abandon the market.

**ORIGINATOR'S IDENTITY**

Vicente M. Camacho, Guam Telephone Authority

**PROPOSED RESOLUTION OR ACTION SOUGHT**

Open for discussion.

GUAM  
RATE INTEGRATION WORKING GROUP

**ISSUE NO. 14**

**TITLE:**

Distance Insensitive Satellite Service

**ISSUE STATEMENT:**

Should rate integration be conditioned on the availability of competing distance-insensitive satellite services to the Western Pacific region?

Although the FCC currently is proposing to liberalize its rules to facilitate the market entry of non-U.S. satellite providers, a favorable ruling in this proceeding, while increasing the potential for competitive satellite service to the Western Pacific region will not alter the fact that the cost of satellite service to the Western Pacific region, which requires a double rather than a single hop, is significantly higher than the cost of satellite service to other parts of the U.S.

**ORIGINATOR'S IDENTITY:**

John M. Borlas, IT&E Overseas, Inc.

**PROPOSED RESOLUTION OR ACTION SOUGHT:**

For Discussion

GUAM  
RATE INTEGRATION WORKING GROUP

**ISSUE NO. 15**

**TITLE:**

Timing of Rate Integration

**ISSUE STATEMENT:**

How will full conversion to feature Group D be coordinated with the change to the U.S. domestic dialing pattern, inclusion within the North American Numbering Plan (NANP) and with the implementation of rate integration?

Is it necessary or desirable for all of these changes to occur simultaneously?

**ORIGINATOR'S IDENTITY:**

John M. Borlas, IT&E Overseas, Inc.

**PROPOSED RESOLUTION OR ACTION SOUGHT:**

For Discussion

*Consensus that simultaneous NANP & Rate Integration be incorporated in the timing of implementation*

# DRAFT

## GOVERNOR OF GUAM RATE INTEGRATION WORKING GROUP

### SUMMARY MINUTES

MONDAY, MAY 20, 1996

9:00 A.M.

GUAM TELEPHONE AUTHORITY CONFERENCE ROOM

THE FIRST MEETING OF THE RATE INTEGRATION WORKING GROUP WAS CALLED TO ORDER BY MR. ROBERT KELLEY, TELECOMMUNICATIONS ADVISOR TO THE GOVERNOR, ON MONDAY, MAY 20, 1996 AT 9:30 A.M. IN THE GTA CONFERENCE ROOM.

PARTICIPANTS PRESENT: MR. JOHN A. SANTOS, REPRESENTATIVE, IT&E; ATTY. ROBERT TORRES, IT&E; MR. FRANK LIZAMA, VICE PRESIDENT, PCI; MR. ROBERT MALONEY, CHAIRMAN AND CEO, PCI; MR. DANNY SANTOS, PRESIDENT, SPRINT; MR. JOHN BORLAS, PRESIDENT, IT&E OVERSEAS, INC.; MS. RENA WANG, BOARD MEMBER, GTA BOARD OF DIRECTORS; MR. VICENTE M. CAMACHO, GTA GENERAL MANAGER; MR. JOSE S. PEREZ, REPRESENTATIVE, TNI; MR. TOM CAMACHO, REPRESENTATIVE, SENATOR ADA'S OFFICE; MR. RIC NOVAK, REPRESENTATIVE, GUAM CABLE TELECOM; MR. FRANK DELA ROSA, GTA ACTING PLANT MANAGER; MR. CARL LEON GUERRERO, GTA CHIEF ENGINEER; MR. LITO C. GERMAN, ACCESS TELECOM, MR. SAM HILL, GTA COMMUNICATIONS MANAGER; MS. MONESSA L. CRUZ, PUBLIC UTILITIES COMMISSION; MR. TONY MOSLEY, REPRESENTATIVE, MCI; MR. TERRENCE M. BROOKS, CHAIRMAN, PUBLIC UTILITIES COMMISSION; AND MR. WALTER SCHWEIKERT, COOPERS AND LYBRAND CONSULTING; AND MS. JULIE D. SMITH, RECORDING SECRETARY.

#### I. WELCOME

MR. KELLEY WELCOMED ALL PARTICIPANTS ATTENDING THE RATE INTEGRATION WORKING GROUP.

MR. KELLEY THANKED THE GUAM TELEPHONE AUTHORITY FOR ALLOWING THE WORKING GROUP TO USE THE CONFERENCE ROOM FOR MAY 20-23, 1996.

PAGE 2

II. INTRODUCE DESIGNATED REPRESENTATIVES AND ADDITIONAL ATTENDEES OPTIONAL; BRIEF REMARKS FOR EACH PARTICIPANT

MR. KELLEY INTRODUCED HIMSELF AS THE ADVISER TO THE GOVERNOR FOR TELECOMMUNICATIONS AND TECHNOLOGY. HE ASKED THAT EACH PARTICIPANT INTRODUCE THEMSELVES.

PARTICIPANTS:

MR. VICENTE M. CAMACHO, GENERAL MANAGER  
GUAM TELEPHONE AUTHORITY

MR. WALTER SCHWEIKERT, COOPERS AND LYBRAND CONSULTING  
REPRESENTATIVE FOR MR. CARL THORNSSEN

MR. JOSE S. PEREZ, TNI

MS. RENA B. WANG, BOARD MEMBER, GUAM TELEPHONE AUTHORITY

MR. JOHN BORLAS, PRESIDENT, IT&E

MR. TONY MOSLEY, MCI

MR. BOB MALONEY, PCI

MR. DANNY SANTOS, SPRINT

MR. ROBERT TORRES, ATTY. (REPRESENTING IT&E)

MR. JOHN SANTOS, IT&E

MR. FRANK LIZAMA, VICE PRESIDENT, PCI

MR. CARL LEON GUERRERO, CHIEF ENGINEER  
GUAM TELEPHONE AUTHORITY

MR. RICK NOVAK, GUAM CABLE

MR. TOM CAMACHO, REPRESENTATIVE, SENATOR ADA'S OFFICE

MR. FRANK DELA ROSA, GUAM TELEPHONE AUTHORITY

PAGE 3

MR. TERRENCE BROOKS, PUBLIC UTILITIES COMMISSION

MS. MONESSA L. CRUZ, PUBLIC UTILITIES COMMISSION

MR. LITO C. GERMAN, ACCESS TELECOM

MR. SAM HILL, COMMUNICATIONS MANAGER,  
GUAM TELEPHONE AUTHORITY

MS. JULIE D. SMITH, RECORDING SECRETARY

### III. WORKING GROUP MISSION

MR. KELLEY ASKED THAT THE REPRESENTATIVE FOR ACCESS TELECOM HAVE A SPACE AT THE TABLE FOR DISCUSSION. MR. LITO C. GERMAN, REPRESENTATIVE FOR ACCESS TELECOM RESPONDED THAT IT WAS OKAY FOR HIM NOT TO SIT AT THE TABLE.

MR. KELLEY READ THE DEFINITION OF "WORKING GROUP MISSION".

THE WORKING GROUP WILL PROVIDE MECHANISMS FOR IDENTIFICATION, DISCUSSION AND VOLUNTARY RESOLUTION OF INDUSTRY-WIDE CONCERNS REGARDING THE IMPLEMENTATION OF RATE INTEGRATION BETWEEN GUAM AND TELECOMMUNICATIONS USERS IN THE REST OF THE UNITED STATES.

MR. KELLEY ASKED IF ANYONE WOULD LIKE TO MODIFY OR DELETE OR CHANGE THE MISSION STATEMENT OR MAKE COMMENTS ON IT BEFORE IT IS ADOPTED BY CONSENSUS.

ATTORNEY TORRES ASKED IF THE FLOOR WAS OPEN FOR DISCUSSION.

MR. KELLEY STATED THAT THE FIRST DAY OF THE WORKING GROUP WILL BE OPEN TO ALL PRESENT. DURING FORMAL SESSIONS, THESE ENTITIES WILL HAVE ONLY ONE PERSON FOR DISCUSSION AND CONSENSUS BUT DURING THE INFORMAL WORKING GROUP SESSIONS EVERYONE PRESENT CAN BE RECOGNIZED.

MR. MALONEY ASKED, "DO YOU AT LEAST EXPECT SOME OF THE CNMI TO OBSERVE".

PAGE 4

MR. SANTOS, SPRINT, STATED THAT MR. KELLEY'S RESPONSE WAS BASED UPON THE RESPONSE OF THE CNMI GOVERNOR'S OFFICE ABOUT WORKING WITH GUAM LAST WEEK.

MR. KELLEY STATED THAT HE WISHED THAT ALL PARTICIPANTS WORKED CLOSELY TOGETHER AT THIS TIME, CNMI PURPOSELY STATED THAT THEY HAD NO INTENTION OF COOPERATING WITH WHAT GUAM IS TRYING TO DO AT THIS TIME.

*GENERAL MANAGON*  
MR. SANTOS, ~~PRESIDENT~~ OF SPRINT, STATED THAT THE POINT THAT MR. MALONEY MADE WAS SIGNIFICANT BECAUSE WHATEVER IS RESOLVED AND WE COME UP WITH IS GOING TO IMPACT THE CNMI. HE STATED THAT THE GOVERNOR'S OFFICE SHOULD AT LEAST SEND AN INVITATION TO THE CNMI.

MR. KELLEY STATED THAT INTERESTED PARTIES WERE WELCOME TO COME. HE INFORMED THE PARTICIPANTS THAT GOVERNOR TENORIO AND DAVE ECRET FROM THE CNMI WERE SUPPLIED COPIES OF THE RATE INTEGRATION DOCUMENTS WHEN THE WORKING GROUP WAS ESTABLISHED.

MR. KELLEY STATED THAT THE CNMI IS WELCOME TO ATTEND BUT DOES NOT EXPECT TO SEE THEM. HE ASKED IF THERE WERE ANY MORE COMMENTS ON THE MISSION STATEMENT

ATTY. TORRES STATED THAT IN THE LAST SENTENCE:

"RATE INTEGRATION BETWEEN GUAM AND TELECOMMUNICATIONS USERS IN THE REST OF THE UNITED STATES" TO READ:

"RATE INTEGRATION BETWEEN GUAM AND TELECOMMUNICATIONS USERS IN GUAM AND THE REST OF THE UNITED STATES".

MR. KELLEY ASKED IF THERE WAS ANY OBJECTION TO THE CHANGE OF THE MISSION STATEMENT. THERE BEING NONE, THE ABOVE CHANGE WAS APPROVED.

#### IV. DISCUSS APPLICABLE DOCUMENTS

MR. KELLEY ASKED THAT THE PARTICIPANTS WHO DID NOT HAVE COPIES OF ANY DOCUMENTS UNDER DISCUSSION SHOULD NOTIFY HIM ON WHAT DOCUMENTS ARE BEING REQUESTED.

PAGE 5

THE FIRST DOCUMENT THAT HE MENTIONED WAS RELEVANT TO THE PRINCIPLES AND PROCEDURES OF THE WORKING GROUP. DISCUSSION WAS POSTPONED UNTIL AFTER THE BREAK TO GIVE EVERYONE A CHANCE TO READ AND DISCUSS AMONG THEMSELVES FOR ANY CHANGES IN THE FORMAT FOR OPERATING AS A WORKING GROUP THROUGHOUT THE MEETINGS.

2) MR. KELLEY PRESENTED EXCERPTS OF FCC 96-123 WHICH IS THE NOTICE OF RULEMAKING FOR RATE INTEGRATION. HE STATED THAT EXCERPTS WERE INCLUDED IN THE RATE INTEGRATION ISSUES REQUESTING THAT IT BE A NON DOMINANT CARRIER THAT WILL AFFECT CERTAIN AREAS - HE ALSO INCLUDED A DOCUMENT FROM BELLCORE AS WELL AS THE PRESS RELEASE FROM LAST WEEK FROM THE GOVERNOR'S OFFICE TO FORMALIZE THE ISSUANCE OF THE AREA CODE OF 671 FOR GUAM. DATES AND PROCEDURES FOR THE IMPLEMENTATION OF FEATURE GROUP D EQUAL ACCESS WERE NOT FOR DISCUSSION BY THE WORKING GROUP. THIS WILL BE DONE BY THE GUAM TELEPHONE AUTHORITY AND IT WILL BE, THEREFORE, UP TO THE BOARD OF DIRECTORS TO SELECT AND PUBLISH A DATE FOR THE EQUAL ACCESS THAT WOULD NOT BE UNDER PURVIEW OF THE GOVERNOR'S OFFICE.

MR. KELLEY ALSO STATED THAT THE GOVERNOR HAS MADE COMMENTS AND REPLIED COMMENTS JOINTLY WITH THE GUAM TELEPHONE AUTHORITY ON THE RATE INTEGRATION. HE ASKED THAT THE PARTICIPANTS WORK WITH MS. JULIE SMITH, RECORDING SECRETARY, MS. ADELIN ARRIOLA, OR SAM HILL TO GET COPIES OF THE COMMENTS/REPLY COMMENTS. COMMENTS HAVE BEEN FILED BY IT&E, SPRINT, GTE, NAURU, REPUBLIC UTILITY COMMISSION AND THE U.S. ASSOCIATION, ETC. WHICH WOULD HAVE SOME IMPACT ON THE PROCEEDINGS. CNMI FILED COMMENTS FROM THE GOVERNOR'S OFFICE OF CNMI. HE ASKED IF THERE WERE ANY OTHER COMMENTS THAT SHOULD HAVE BEEN FILED. HE STATED THAT JAMA FILED WITH THE RATE INTEGRATION. HE STATED THAT COMMENTS AND REPLY COMMENTS TO THE GOVERNOR OF GUAM, JAMA, AND THE NORTHERN MARIANAS POSITIONS FOR RATE INTEGRATION ARE TO BE USED.

MR. KELLEY ALSO STATED THAT A NOTICE OF A PROPOSAL FOR RULEMAKING TO SEE IF RATE INTEGRATION FOR RATE INTEGRATION BE APPLICABLE TO GUAM AND THE CNMI. AT THIS STAGE, WE ARE WORKING OUT THE MECHANISMS ON HOW TO IMPLEMENT RATE INTEGRATION.

V. REVIEW SCHEDULE

MR. KELLEY INFORMED THE PARTICIPANTS THAT THE WORKING GROUP WOULD MEET MAY 20 THROUGH MAY 23 AT 9:00 A.M. EACH MORNING. HE STATED THAT HE EXPECTED THAT THE FILING OF THE GOVERNOR BE GIVEN TO PARTICIPANTS PRESENT AND ON JUNE 10-12 A MEETING WILL BE HELD IN WASHINGTON, D.C. HE STATED THAT THERE WAS ONE PARTY REQUESTING TO CHANGE THE MEETING DATES FROM JUNE 10-12, 1996. HE ASKED IF PARTICIPANTS CAN MEET ONE MORE DAY FOR FURTHER DISCUSSION.

ATTORNEY TORRES ASKED, "WHEN WILL THE DECISION BE MADE ON THE JUNE 10-12 VERSUS JUNE 17-19"

MR. KELLEY RESPONDED THAT FOR NOW IT HAS BEEN SCHEDULED FOR JUNE 10-12, 1996. HE WILL NOTIFY PARTICIPANTS ON THE FINAL DECISION.

VI. PRINCIPLES AND PROCEDURES/DISCUSS AND ADAPT

MR. KELLEY RECOMMENDED A 15-MINUTE BREAK AT 10:15 A.M. HE ASKED THAT THE PARTICIPANTS REVIEW THE PRINCIPLES AND PROCEDURES AND DISCUSS THEM AMONG THEMSELVES. THE RECORDING SECRETARY WILL BE UTILIZED FOR THE RECORDING OF THE RATE INTEGRATION WORKING GROUP MEETINGS

THE MEETING RECONVENED AT 10:30 A.M. BY MR. KELLEY.

MR. KELLEY STATED IF NO ONE HAD ANY COMMENTS ON ANY OF THE SECTIONS, THE PARTICIPANTS WILL ADOPT A SET OF PROCEDURES FOR A WORKING GROUP. HE STARTED WITH THE FOLLOWING:

1) OPERATING PRINCIPLES

THE WORKING GROUP SHALL

- AFFORD ALL PARTIES THE RIGHT TO BE HEARD AND TO HAVE THEIR VIEWS AND CONCERNS CONSIDERED.
- BE FREE FROM DOMINANCE BY ANY PARTICIPANT, OR INDUSTRY SEGMENT AND CONDUCT ACTIVITIES IN A FAIR AND UNBIASED MANNER

PAGE 7

- SUPPORT THE EVALUATION AND ACCEPTANCE OF ISSUES AND DEVELOPMENT OF RESOLUTIONS BASED ON THEIR MERIT.
- REACH RESOLUTION OF ISSUES IN A TIMELY, EFFICIENT AND EFFECTIVE MANNER.
- RECOGNIZE THAT BROAD AND CONSISTENT IMPLEMENTATION OF A CONSENSUS RESOLUTION IS A FUNDAMENTAL EXPECTATION AND REASON FOR THE EXISTENCE OF THE WORKING GROUP.

NO COMMENT.

## 2) ORGANIZATIONAL STRUCTURE

THE WORKING GROUP PROVIDES A WORKING FORUM FOR ALL THE GUAM TELECOMMUNICATIONS INDUSTRY PARTICIPANTS TO IDENTIFY ISSUES WHICH ARE INDUSTRY WIDE IN SCOPE INVOLVING THE IMPLEMENTATION OF RATE INTEGRATION FOR GUAM. RESOLUTIONS TO ISSUES ARE DEVELOPED BY CONSENSUS AGREEMENT FOR SUBMISSION TO THE FEDERAL COMMUNICATIONS COMMISSION AS EX PARTE SUBMISSIONS TO THE NOTICE OF PROPOSED RULEMAKING THE SECTION 254(G) OF THE COMMUNICATIONS ACT OF 1934 AS AMENDED (CC DOCKET NO. 96-61).

### SCHEDULE

MR. KELLEY STATED THAT AS MENTIONED EARLIER THAT THERE WAS A REQUEST TO DELAY JUNE 10-12 TO JUNE 17-19. HE STATED THAT HE WAS INFORMED BY MR. MALONEY THAT THE JUNE 10-12 CONFLICTS WITH THE PTC BI-CABLE OWNERSHIP MEETING.

### WORKING GROUP MEETING RECORDS

MR. KELLEY EXPLAINED THAT THE WORKING GROUP WILL PUBLISH FAIR, OBJECTIVE AND UNBIASED MEETING RECORDS AND ENSURE THEY ACCURATELY REFLECT THE ACTIVITIES, RESOLUTIONS AND ACTION ITEMS WHICH RESULTED FROM THE MEETINGS. HE STATED THAT WITHIN FIVE DAYS OF THE MEETING ALL PARTICIPANTS CAN COMMENT ON ANY CHANGES THAT NEED TO BE MADE.

### WORKING GROUP PARTICIPANTS RESPONSIBILITIES

MR. KELLEY STATED THAT IT IS THE RESPONSIBILITY OF THE WORKING

PAGE 8

GROUP PARTICIPANTS TO:

BE FAMILIAR WITH AND UNDERSTAND THE PROCESS AND PROCEDURES USED BY THE WORKING GROUP.

- \* BE COGNIZANT OF AND BE PREPARED TO ADDRESS SIGNIFICANT ISSUES AND HELP IDENTIFY AREAS FOR POSSIBLE SOLUTIONS.
- \* BE RECOGNIZED BY THE CHAIR OR DESIGNEE BEFORE SPEAKING.
- \* REFRAIN FROM STATEMENTS, COMMENTS OR ACTIONS THAT COULD BE POTENTIALLY OFFENSIVE TO ANY PARTICIPANT.
- \* REFRAIN FROM ATTACKING A PARTICIPANT'S MOTIVES.
- \* CONFINE REMARKS TO THE MERITS OF THE PENDING QUESTION OR ISSUE.
- \* REFRAIN FROM SPEAKING ADVERSELY ON A PRIOR ACTION OR ISSUE NOT PENDING.
- \* REFRAIN FROM DISTURBING THE MEETING.
- \* RECOGNIZE AND BE SENSITIVE TO ANTITRUST LAWS.

NO COMMENT.

ISSUE INTRODUCTION

MR. KELLEY EXPLAINED THAT AN ISSUE MUST BE INTRODUCED TO THE WORKING GROUP BEFORE IT CAN BE FORMALLY ACCEPTED AND ANY SUBSTANTIVE DISCUSSION AND ACTIVITY CAN OCCUR. THE ISSUE MAY BE INTRODUCED THROUGH ANY OF THE FOLLOWING MEANS:

- \* WRITTEN REQUEST TO THE WORKING GROUP CHAIR
- \* RAISED AT A MEETING OF THE WORKING GROUP UNDER NEW BUSINESS.

NO COMMENT.

PAGE 9

### ISSUE ACCEPTANCE

MR. KELLEY EXPLAINED THAT ALL ISSUES THAT MEET THE WORKING GROUP MISSION STATEMENT AND ISSUE ACCEPTANCE CRITERIA SHOULD BE ACCEPTED. THE FOLLOWING INPUT MAY BE ADDED TO THE ISSUE, ONCE AN ISSUE HAS BEEN ACCEPTED.

DATE ON WHICH THE ISSUE WAS ACCEPTED BY THE WORKING GROUP.

ISSUE NUMBER ASSIGNED BY THE WORKING GROUP FOR ISSUE IDENTIFICATION AND TRACKING.

MR. KELLEY STATED THAT ONCE THE ISSUES ARE PRESENTED, IT WILL BE ACCEPTED BY THE WORKING GROUP AND WILL BE NUMBERED ACCORDINGLY.

### CONSENSUS

MR. KELLEY EXPLAINED THAT UPON COMPLETION OF DELIBERATIONS OF AN ACTIVE ISSUE AND BASED ON CONSENSUS REACHED BY THE WORKING GROUP PARTICIPANTS, THE ISSUE UNDER QUESTION WILL BE PLACED IN CLOSURE.

AN ISSUE WILL BE PRESENTED TO THE FORMAL SESSION OF THE WORKING GROUP FOR ACCEPTANCE OF FINAL CLOSURE. A CONSENSUS OF THE PARTICIPANTS SHALL BE NECESSARY FOR AN ISSUE TO BE RESOLVED.

### TIMELY RESOLUTION OF ISSUES

MR. KELLEY EXPLAINED THAT EVERY EFFORT WILL BE MADE TO WORK TOWARD RAPID AND TIMELY RESOLUTION OF ISSUES. HOWEVER, THIS NEED MUST BE BALANCED AGAINST THE NEED TO ENSURE THAT RESOLUTIONS FOR ALL INVOLVED PARTIES ARE FAIR AND PRACTICAL.

### CONSENSUS

MR. KELLEY EXPLAINED THAT CONSENSUS IS ESTABLISHED WHEN SUBSTANTIAL AGREEMENT HAS BEEN REACHED AMONG INTEREST GROUPS PARTICIPATING IN THE CONSIDERATION OF THE SUBJECT AT HAND. INTEREST GROUPS ARE THOSE MATERIALLY AFFECTED BY THE OUTCOME OR RESULT. SUBSTANTIAL AGREEMENT MEANS MORE THAN A SIMPLE MAJORITY.